

Message Text

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73

ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 /093 W

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R 061900Z APR 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 9637

C O N F I D E N T I A L LIMA 3202

FOR: ARA - DEPUTY ASSISTANT SECRETARY RYAN; L/ARA - MR. GANTZ;
S/P - MR. EINAUDI; TREASURY - MR. MARESCA; NSC - MR. LOW

E.O. 11652: GDS

TAGS: EIND, EINV, ENRG, PFOR, PE

SUBJECT: GULF EXPROPRIATION - GULF TO ACCEPT EXISTING EXCHANGE
RATE

REF: LIMA 1798

1. GULF ACCOUNTANT JOHN CECIL CALLED ON ECONOFF APRIL 5 TO
INFORM EMBASSY THAT NEGOTIATIONS WITH MINISTRY OF ENERGY AND
MINES (MEM) REGARDING GULF EXPROPRIATION CASE ARE CONTINUING
TO PROCEED SMOOTHLY. ACCORDING TO CECIL, GULF HAS ACCEPTED
FINANCE MINISTRY'S POSITION THAT EXCHANGE RATE FOR COMPENSATION
PAYMENT SHOULD BE THAT IN EFFECT ON DATE OF PAYMENT RATHER
THAN RATE IN EFFECT ON DATE OF EXPROPRIATION. CECIL SAID
THAT COMPANY HAD ACCEPTED LESS ADVANTAGEOUS EXCHANGE RATE
REDUCING COMPENSATION BY ABOUT \$57,500) IN RETURN FOR
COMMITMENT FROM GOP FOR PROMPT REMITTANCE OF COMPEN-
SATION PAYMENT.

2. CECIL GAVE US COPY OF MEMORANDUM FROM FINANCE MIN-
ISTER BARUA TO NEW MEM MINISTER GENERAL ARTURO LA
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TORRE DI TOLLA RESPONDING TO THE MEM MEMO (REFTEL)

WHICH HAD REQUESTED THAT FINANCE MINISTRY MAKE PAYMENT TO GULF AT OLDER EXCHANGE RATE. BARUA'S NOTE EXPLAINS THAT ALTHOUGH GULF'S ASSETS WERE SOLD INVOLUNTARILY, THESE DID NOT CONSIST OF FOREIGN EXCHANGE AND THUS THE RISK OF AN EXCHANGE RATE CHANGE WOULD HAVE TO BE BORNE BY THE COMPANY. COMPENSATION UNDER OLD EXCHANGE RATE (\$/43.38 TO \$1.00) WOULD BE \$1,597,904 VS. \$1,540,379 AT CURRENT RATE (\$/45 TO \$1.00). BARUA'S NOTE ALSO STATES THAT THE FINANCE MINISTRY WILL GO ALONG WITH MEM'S ACCEPTANCE OF GULF'S FIGURES ON THE ASSETS' WORTH AND HAS THE FUNDS NECESSARY TO MAKE PAYMENT. EMBASSY POUCHING COPY OF FINANCE MINISTRY'S MEMO TO ARA/LA/EP.

3. CECIL WAS OPTIMISTIC THAT COMPANY AND MEM COULD REACH FINAL UNOFFICIAL AGREEMENT THIS WEEK AND THAT OFFICIAL SETTLEMENT COULD BE COMPLETED BY JUNE.
DEAN

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Message Attributes

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Margaret P. Grafeld
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